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April 24, 1997

William F. Caton
Acting Secretary
Office of the Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

Re: MM Docket 91-221

Dear Mr. Caton:

Black Citizens for a Fair Media, *et al.* respectfully request leave to submit late the attached statement, as a supplement to their Reply Comments (submitted March 21, 1997).

Black Citizens for a Fair Media, *et al.* asked Professor Douglas Gomery, College of Journalism, University of Maryland to provide an economic analysis of the Economists Incorporated study submitted by CBS, Inc. in this docket, and we received his report on April 24. We believe that his analysis would contribute significantly to the record.

Respectfully submitted,

Randi M. Albert

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Statement of Douglas Gomery
Professor, College of Journalism
University of Maryland

My name is Douglas Gomery and I am a full professor in the College of Journalism at the University of Maryland. I am the author "The Economics of Television," a regular column in American Journalism Review, and the author of nine books, including The Future of News (Johns Hopkins University Press, 1992) and American Media (Johns Hopkins University Press, 1989) and several hundred articles about the economics and history of the mass media in the United States.

I have read the report "Television-Radio Cross Ownership, Concentration and Voices in the Top 50 DMAs," (hereinafter "the Report") that was prepared by Economists Incorporated and attached to the Comments of CBS, filed in MM Docket 91-221. Because the methodology of the Report is flawed, it should not serve as a basis for action by the Federal Communications Commission. The Report argues for the elimination of the TV-Radio cross-ownership rules for the top 50 markets, ignoring the risks involved. More specifically, the Report fails to consider the impact that eliminating the cross-ownership rule would have on diversity and understates the competitive concerns raised by cross-ownership.

The Report compares the consequences of all legal mergers in the top 50 markets in a scenario in which the FCC has eliminated its minimum voices standard to the consequences of the same mergers in a scenario in which the FCC requires that 20 independent radio and TV voices remain. However, the Report never justifies the use of a 20 voice minimum standard. The proper number of voices is too important a point to ignore. The Report should not presume a 20 voice minimum, especially in light of the fact that the Commission currently uses a 30 voice minimum, without providing further explanation and analysis. Moreover, on a practical level, a 20 voice minimum does not allow for sufficient local origination of programming. If a market has six operating TV networks and four additional radio networks, only ten voices of 20 can possibly be generated by different sources. The present 30 voice minimum is a better standard, but even that number may be too low to ensure diversity.

The Report also indicates that the advertising market represents the paramount variable. On page four, Economists Incorporated assumes that "the product a broadcast stations delivers to advertisers is audiences." I agree that corporations depend on advertising dollars, but additional criteria ought to be considered for making good public policy. While advertisers' concerns ought to matter, so should the concerns of the audience as consumers, as members of society, as participants in our democracy. The FCC must consider issues of diversity, speech and the media's role in democracy and society. The Report's analysis does not consider the variables of diversity and necessary voices.

The public interest is best served by widespread ownership. Using the narrow criteria of antitrust analysis proposed by Economists Incorporated would, in effect, place the Federal Communications Commission in the position of substituting antitrust considerations for mandates found in communications law. The broadcast media are different than industries that manufacture homogeneous products and thus should be treated differently. If the FCC were to adopt the analysis of Economists Incorporated, it would be applying criteria meant for steel and auto manufacturers to the communications industry which serves as the basis for democratic elections, public discussion, and mass media image creation. Lawmakers have long recognized this vital difference.

Moreover, even as an analysis of competition, the Economists Incorporated Report is flawed. The Report's use of capacity as a measure of concentration overstates competition and helps Economists Incorporated make the case it wants to make -- the elimination of restrictions on its clients. In addition, there is no simple correlation, as stated by Economists Incorporated on page four of its Report, that more resources lead to higher quality programming and larger audiences. If that were the case, the low-cost Discovery Channel would not be one of the most popular networks now operating. The matrix of connections is far more complicated than Economists Incorporated would like to believe.

Once its basic assumptions are questioned, the Report's flaws are apparent. The seemingly sophisticated analysis of Economists Incorporated quickly falls apart and its conclusions no longer hold. We need more, not fewer, voices in the nation, and TV stations and radio stations should have separate owners. I urge the Federal Communications Commission to disregard the narrow and flawed conclusions of the Economists Incorporated report and to retain the current cross-ownership rule.